



To: **Members of the Kansas House Appropriations Committee**
Representative Peggy Mast, Subcommittee Chair
Representative Kevin Yoder, Chairman
Members of the Senate Ways and Means Committee

From: **Dr. Marcia Nielsen, Ph.D, MPH**
Executive Director, Kansas Health Policy Authority

Re: **KHPA Salaries**

Date: **March 16, 2009**

Dear Legislators:

Thank you for the opportunity to respond to questions raised during recent committee meetings about salary schedules at the Kansas Health Policy Authority. This is an important and appropriate matter for legislators to consider as you work to manage the state's budget during these difficult economic times.

Let me begin by saying the Kansas Health Policy Authority strives to attract and retain qualified individuals to manage health care programs. These programs provide vital health coverage for the state's most vulnerable populations, as well as Kansas public employees and their families. As the single state agency for Medicaid, we manage and are accountable for approximately \$2.5 billion in health care purchasing. Managing these programs requires a high degree of knowledge, experience and expertise in health policy and public finance. In addition, the KHPA has been asked to coordinate health and health care for the State of Kansas with new responsibilities for data and data driven health policy. In the last six months, the KHPA has provided to the legislature with 20 studies describing various health policies of interest to legislators and published an in-depth analysis of the Medicaid program, totaling 357 pages. The executive team thus consists of people with advanced professional degrees in their respective fields (PhDs, MDs, and PharmD), along with years of experience working in state and federal government, as well as the private sector.

In determining the appropriate salaries for these individuals, KHPA looks at a number of relevant factors, including comparable salaries paid for similar positions elsewhere in state government, the salaries those individuals were earning before coming to KHPA and the kind of salaries they could earn elsewhere in the marketplace.

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Recently, in the course of exercising its duty to conduct fiscal oversight of state spending, your committee has asked us to provide information regarding specific questions about salaries at KHPA. Those questions include:

1. How do salaries for executive staff at KHPA compare to salaries for comparable positions at other state agencies?

To answer this question, we gathered salary data for the 15 highest-paid positions at KHPA and compared them with similar positions at four other state agencies: The Kansas Board of Regents; the Department of Social and Rehabilitation Services; the Juvenile Justice Authority and the Kansas Housing and Finance Authority. The details of those findings can be found in Attachment 1.

Overall, the average salary for those positions is similar at KHPA and at SRS. We rank lower than the Board of Regents, but higher than JJA or Housing and Finance.

In making these comparisons, we believe it is important to consider the size of the agency being administered, both in terms of their budgets and the number of employees in the agency. We also believe it's important to consider the type of academic or professional degree held by each individual, as well as the years and level of professional experience those employees bring with them to the job. Because we are a very large agency in terms of budget, but fairly small in terms of number of employees, our staff includes a large number of contract managers, many of them having clinical nursing backgrounds. Thus we have fewer classified positions at lower pay grades than other state agencies (Attachment 2).

2. To what extent did KHPA employees get raises after moving from SRS into identical positions at KHPA?

In 2005, the Kansas Legislature established KHPA as an agency within the executive branch of government, transferring to KHPA all of the authority to administer certain health care programs that were, at the time, being administered by other agencies. In so doing, the legislature also transferred all employees in those other agencies whose jobs involved administering the programs that had been reassigned to KHPA (K.S.A. 75-7416).

That statute provided further that any employee who was classified before the transfer would remain classified at KHPA, but that thereafter, "the Kansas health policy authority may convert vacant classified positions to positions that are not classified as otherwise provided by law." [K.S.A. 75-7416(a)(3)].

In the course of the transfer, most employees who were transferred to KHPA from SRS moved into jobs that were not identical to their previous positions. As a result, many of them moved from classified positions into new, unclassified positions that required performing higher-level duties – i.e., managing contracts, as opposed to administering functions.

For those employees transferring from SRS to the KHPA (Medicaid), the average hourly wage for employees who were transferred rose 3.29% from SFY 2005 to 2006; 6.21% from SFY 2006 to 2007; 3.16% from SFY 2007 to 2008; and 0.31% from SFY 2008 to 2009. The median percent salary increase for these employees was 4.97% from SFY 2005 to 2006; 4.07% from SFY 2006 to 2007; 1.98% from SFY 2007 to 2008; and 2.48% from SFY 2008 to 2009.

For those employees transferring from Department of Administration to the KHPA (State Employee Health Plan and Workers Comp), the average hourly wage rose 3.67% from SFY 2007 to 2008, and 0.71% from SFY 2008 to 2009. The median percent salary increase for these employees was 1.75% from SFY 2007

to 2008, and 2.48% from SFY 2008 to 2009.

For all employees working at the KHPA, the average hourly wage for employees rose 4.47% from SFY 2005 to 2006; 5.40% from SFY 2006 to 2007; 0.71% from SFY 2007 to 2008, and 0.36% from SFY 2008 to 2009. The median percent salary increase for these employees was 4.97% from SFY 2005 to 2006; 2.00% from SFY 2006 to 2007; 1.47% from SFY 2007 to 2008, and 0.67% from SFY 2008 to 2009.

3. How is the Executive Director's salary determined?

The KHPA's executive director's (ED) salary is determined by the KHPA Board through an employment contract. For the first two years of her employment, the ED had a one year contract. I am currently working under a two year employment contract.

I hope this information clarifies the issues and concerns raised about KHPA's salary schedule. Please let me know if I can be of further assistance.

Regards,

A handwritten signature in black ink, appearing to read "Marcia J. Nielsen". The signature is fluid and cursive, with the first name "Marcia" being more prominent than the last name "Nielsen".

Marcia J Nielsen, PhD, MPH
Executive Director